GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Public Servants - Revenue (Commercial Taxes) Department - Vigilance Report No.1 (C.No.1666/V&E/R1/2016), dt.03.01.2017 - Evasion of VAT by M/s.Sri Kaveri Enterprises, Markapur - Gross negligence in performing duties by the CTO and ACTO, Markapur at the time of issuance of Registration Certificate, Advisory visit and verification of e-waybills in April, 2016 resulting loss of revenue of Rs.1,94,26,867/- to the Govt., exchequer - Common disciplinary proceedings initiated against the CTO & ACTO, Markapur - Articles of charges framed - Explanation submitted - inquiry Officer & PO appointed - Inquiry Report received - disagreement factors along with Inquiry Report communicated - Imposed penalty of withholding of two annual grade increments with cumulative effect against Sri B.Prasanna Kumar, former ACTO, now Dy.CTO - Orders - issued.

REVENUE (VIGILANCE-VI) DEPARTMENT

G.O.RT.No. 308 Dated: 09-04-2025

Read the following: -

1. From the D.G.(Vig & Enft) & E.O.Prl.Secy.to Govt.(FAC), G.A. (Vig & Enft) Dept., Vigilance Report No.1 (C.No.1666/V&E/R1/2016), dated 03.01.2017.
2. Govt.Memo.No.17023/14/2017-Vig.II(3)-1, dated 03.04.2017.
3. Proceedings of the CCT Ref.No.V(1)/143/2017, dated 16.05.2017.
4. From the Inquiry Authority & Dy. Commr (ST) (Legal), O/o. CCST, Inquiry Report, dt.20.07.2018 & 25.07.2018.
5. Govt.Memo.No.17023/14/2017-Vig.II(3), dated 05.01.2022.
6. From the CCT's Lr.Ref.No.V1/143/2017, dated 21.02.2022.
7. From the CCST, Lr.Ref.No.V1/143/2017, dated 30.07.2024.

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ORDER:-

Whereas, in the reference 1st read above, the Director General (Vig & Enft), E.O. Prl. Secretary to Govt.(FAC), Genl.Admn. (Vig & Enft) Dept., have reported that M/s.Sri Kaveri Enterprises, Markapur, evaded taxes using 71 VAT and 58 CST waybills in April, 2016, leading to a turnover without paying Rs.1,94,26,867/- in taxes. The CT Dept., officials failed to follow registration procedures, resulting loss caused to the Government and recommended for stern disciplinary action against Sri B.Krishna Murthy, CTO, Markapur Circle, Nellore and Sri B.Prasanna Kumar, ACTO, Markapur.

2. Whereas, in the reference 2nd read above, Govt., have requested the Commissioner of Commercial Tax, AP to initiate major penalty proceedings against incumbents for failure in discharging legitimate duties for issuing VAT Registration Certificate without proper physical inspection of the three firms M/s. Sri Kaveri Enterprises, Markapur under Rule 24 of APCS (CC&A) Rules, 1991 against the AOs i.e., i) Sri B.Krishna Murthy, CTO, Markapur Circle, Nellore and ii) Sri B.Prasanna Kumar, ACTO, Markapur.

(P.T.O)

3. Whereas, in the reference 3rd read above, the articles of charges were issued against both the Charged Officers under rule 24 of APCS (CC&A) Rules, 1991 and the same were served on 16.05.2017 respectively. After examining the Written Statement of Defence submitted by the COs, Sri V.S.Kiran Chowdary, Dy.Commr.(CT), O/o.CCT was appointed as Enquiry Officer and Sri P. Soma Sekhar Reddy, Asst.Commr.(CT) (Audit), O/o. DC (CT), Nellore Division was appointed as the Presenting Officer.

4. Whereas, in the reference 4th read above, Sri V.S.Kiran Chowdary, Dy.Commr.(CT), O/o.CCT and the inquiry authority has submitted his inquiry report.. The Enquiry Officer after conducting enquiry has submitted his findings holding that the charge framed against Sri B.Krishna Murthy, CTO, Markapur is proved and that charge framed against Sri B.Prasanna Kumar, ACTO, Markapur is not proved.

5. Government after detailed examination of the inquiry report and written representations submitted by the Charged Officers concluded that they have not followed the guidelines of APVAT Act 86 Rules, 2005 or CST Act, 1956, while issuing Registration Certificate and inclusion of sensitive commodities and allowed the dealer in generation of e-waybills. Hence, disagreed with the findings of the Inquiry Authority in respect of Sri B.Prasanna Kumar, ACTO, Markapur in respect of whom, the charges were held as not proved.

6. Whereas, in the reference 5th read above, Govt., requested the CCST i) to recover the evaded tax from the dealer by invoking the provisions of the R.R.Act, including arrest provisions. He was instructed that if it fails, alternatively to verify whether any dealer claimed input tax credit on the purchases made from this registration and disallow the claim, which will also result in recovery of the tax evaded if permitted by rules; ii) to communicate the Inquiry Report along with disagreement factors to the CO-2 Sri B.Prasanna Kumar, ACTO whose charge is held not proved.

7. Whereas, in the reference 6th read above, the CCST submitted a detailed report explaining the evasion and wherein the AC(ST), Markapur reported that M/s.Sri Kaveri Enterprises used numerous waybills without reporting turnovers or paying taxes. Further the evaded tax from sales, the improperly claimed input tax credit and the total suppressed tax. The report also included details of the levied tax and penalty, the addl. demand under CST and requested to take necessary action based on the report.

8. Whereas, in the reference 7th read above, the CCST has furnished the written representation of Sri B.Prasanna Kumar, ACTO and requested to issue the necessary orders in the matter.

9. After a detailed examination of the defense submitted by the Charged Officer, it is clear that their justifications are not convincing. Based on the Vigilance & Enforcement (V&E) findings, their actions show clear negligence, failure to follow proper procedures and possible collaboration with the dealer. The Charged Officer' defenses is weak and focus more on legal loopholes than on providing solid proof

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against the charge. Govt., observed that there were so many e-way bills issued; the charged officer didn't audit or review the dealer's transactions for over six months, showing clear negligence. The issues of VAT evasion and the lack of proper audits strongly support the need for disciplinary action. The large amount of tax evasion and the failure to follow procedures highlight serious misconduct.

10. Government after careful examination of the entire matter, have decided to impose a penalty of two annual grade increments with cumulative effect against Sri B. Prasanna Kumar, ACTO, now Dy.CTO under rule 9 of APCS (CC&A) Rules, 1991.

11. Accordingly, Government hereby impose the penalty of two annual grade increments with cumulative effect against Sri B.Prasanna Kumar, ACTO, now Dy.CTO.

12. The Chief Commissioner of State Tax, Andhra Pradesh, Kunchanapalli, Guntur district shall take necessary action accordingly.

PEEYUSH KUMAR
PRINCIPAL SECRETARY TO GOVERNMENT

To
The individual (through the Chief Commissioner of State Tax, Andhra Pradesh, Kunchanapalli, Guntur district) The Chief Commissioner of State Tax, Andhra Pradesh, Kunchanapalli, Guntur district.
The Secretary to Vigilance Commissioner, Andhra Pradesh Vigilance Commission, A.P. Secretariat Velagapudi
The Director General (Vigilance & Enforcement) & Ex-Officio Principal Secretary to Government, General Administration (Vigilance & Enforcement) Department.
SF/SCs

// FORWARDED:: BY ORDER //

SECTION OFFICER